

Assembly Bill 990 (Floyd) Chapter 908

Authorization for local jurisdictions to obtain seller's permit information

Effective January 1, 2000. Adds and repeals Sections 6066.3 and 6066.4 of the Revenue and Taxation Code.

This bill does the following:

- 1. Enables cities and counties to obtain seller's permit application information from retailers desiring to engage in business in their jurisdictions and to submit that information to the Board.**
- 2. Requires the Board to accept that information as a preliminary application for a seller's permit, and to accept that information also as notice to the Board for purposes of redistributing local tax under Section 7209.**
- 3. Requires the Board within 30 days of receiving the local jurisdiction information to issue a determination regarding the issuance of a seller's permit if that determination can be made based on the information provided, or within 120 days in cases where additional information is required.**
- 4. Requires the Board to consult with the League of California Cities and the California State Association of Counties to adopt standardized addressing and naming conventions for new registrants, and if feasible, for current accounts.**
- 5. Authorizes cities and counties to require taxpayers to provide their seller's permit number, if any.**
- 6. Requires the Board on or before January 1, 2003 to prepare a report for the Legislature of the amount of sales and use tax revenues collected from persons not previously registered by the Board and the Board's cost to administer the provisions of this act.**

These provisions will remain in effect until January 1, 2004.

***Sponsors: League of California Cities
Municipal Business Tax Association***

Law Prior to Amendment:

Under existing law, California's sales tax is paid by retailers engaged in business in the state and applies to all retail transactions involving sales of tangible personal property, except those specifically exempted by law. The use tax generally applies

to the storage, use or other consumption in this state of goods purchased from retailers in transactions not subject to the sales tax. The statewide rate for both the sales and use tax is currently 7.25 percent, which is the combined state and local rates, excluding special district rates.

Under the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5, commencing with Section 7200, of Division 2 of the Revenue and Taxation Code), the Board collects and distributes local sales and use tax revenue to all California cities as well as counties. The 1.25 percent local sales and use tax, a component of the 7.25 percent combined statewide rate, is allocated to counties for sales made within unincorporated areas. Incorporated cities generally receive 1 percent of the local tax for sales made within their boundaries. The remaining .25 percent is allocated to the appropriate counties to fund transportation projects.

Under the law, every person desiring to engage in or conduct business within this state and making sales or leases of tangible personal property that is ordinarily subject to tax is required to file with the Board an application for a "seller's permit" for each place of business. A person who engages in business as a seller in this state without such a permit or permits, and each officer of any corporation which so engages in business, is guilty of a misdemeanor, punishable by a fine or imprisonment, or both.

In General:

Currently, persons desiring to engage in business in California are required to obtain a California seller's permit for each place of business when they intend to sell or lease tangible personal property that is ordinarily subject to sales tax. To obtain a seller's permit, an application must be filed with the Board. There is no fee charged for a seller's permit, and applications can be processed entirely through the mail.

The Board currently provides cities on a monthly basis with records of the businesses in their jurisdictions that have been issued seller's permits. The Board encourages cities through both written and oral communications to compare their lists of entities having business licenses with the Board's list of seller's permits issued, and to notify the Board of any businesses that have been issued a business license for sales of goods that are not on the seller's permit list. In addition, the Board's publication - Pamphlet 28 - "Tax Information for City and County Officials," instructs cities and counties how to compare the Board's seller's permit registration data to their business licensee data to not only ensure correct local tax allocation, but also to identify persons who should have sellers' permits.

Comments:

1. **Purpose.** To enable local jurisdictions to assist the Board in identifying unregistered sellers operating or desiring to operate in their jurisdictions. The author notes that by ensuring that all sellers of tangible personal property are properly registered, unreported taxable sales will diminish, thereby protecting the local, as well as the state, tax bases.
2. **The chaptered version is a result of a compromise agreement between sponsors and Board staff.** This measure establishes a cooperative working arrangement between the Board and local governments in ensuring that persons engaged in the business of selling tangible personal property are properly registered with the Board.